

Accounting & tax: The global and local complexities holding multinationals to account

Global Business Complexity Index 2020



Global reach
Local knowledge

INTRODUCTION

Complying with local – and often diverse – accounting and tax regulations is an ongoing challenge faced by businesses operating internationally.

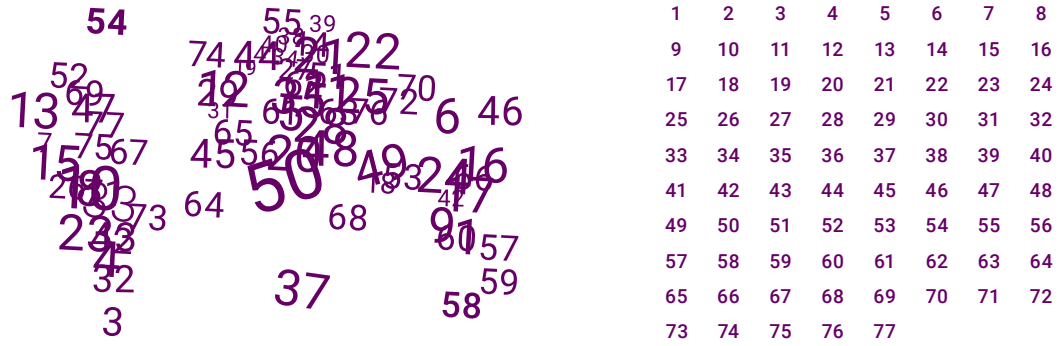
The traditional, nexus-based taxation principles don't seem to apply in the new world, where physical flows are replaced by electronic flows and the tracking of goods and services becomes more complex. Consequently, corporate taxation has become a highly contentious topic in recent years. There has been increasing scrutiny on corporate approaches to international taxation, particularly in tech and e-commerce. Jurisdictions are also using taxation on foreign goods as a way of protecting their own economies, as we have seen in the US-China trade war.

The digital economy has become so significant for tax authorities that the Organisation for Economic Co-operation and Development (OECD) in July 2020 issued a global tax reporting framework for digital platforms in the sharing and gig economy, designed to help taxpayers comply with their tax obligations while ensuring a level-playing field with traditional businesses. Companies acting in this field are requested to provide detailed transactional information to tax authorities.

The COVID-19 pandemic has continued to put tax at the forefront, with changes introduced by governments to keep companies up and running and economies in motion. The global economic impact of COVID-19 will be long lasting and far reaching. As part of our reporting on the accounting and tax landscape, we will also examine the impact of this crisis as the global economy continues to navigate uncharted territory.

This report further explores the findings of our [Global Business Complexity Index \(GBCI\) 2020](#) report, delving deeper into the nuances of accounting and tax laws and practices. As we saw in the GBCI 2020, three key themes summarise recent global trends:

- **Internationalisation versus localism** with global standardisation harmonising some accounting and tax practices, while local complexities persist – and are even increasing – in some jurisdictions.
- **Modernisation versus tradition** as global trends are based around a drive towards modern practices, whereas local considerations often reflect traditional modes of operation.
- **Technology's role** in fostering a globalised business environment and how this is being deployed and used for accounting and tax reporting around the world.



We make a complex world simple

ACCOUNTING & TAX COMPLEXITY RANKING

FIVE MOST COMPLEX MARKETS

1	Argentina
2	Bolivia
3	Greece
4	Brazil
5	Turkey
6	China
7	Vietnam
8	Portugal
9	Colombia
10	Hungary
11	Croatia
12	Korea
13	Malaysia
13	Slovakia
15	Panama
16	Cyprus
17	Serbia
18	Peru
19	Sweden
20	Spain
21	Austria
21	UK
23	Indonesia
23	India
25	Russia

26	Ecuador
27	Taiwan
28	Thailand
29	Israel
29	Uruguay
31	Mexico
31	France
33	Germany
33	Nicaragua
33	Slovenia
33	Chile
37	Kazakhstan
37	Poland
37	Guatemala
40	Paraguay
40	Italy
42	Costa Rica
43	Venezuela
44	Romania
45	Malta
45	Belgium
47	Honduras
48	Luxembourg
48	Ukraine
48	South Africa
51	El Salvador

52	Finland
52	Guernsey
52	the Czech Republic
55	Canada
56	Japan
57	Bulgaria
58	Jersey
58	the Philippines
60	New Zealand
60	Qatar
62	the Dominican Republic
63	Mauritius
63	the USA
65	the Netherlands
65	Norway
67	Ireland
68	Singapore
69	Australia
70	Cayman Islands
71	Jamaica
72	United Arab Emirates
73	Hong Kong
74	Switzerland
75	Curaçao
76	Denmark
77	British Virgin Islands

**FIVE LEAST
COMPLEX MARKETS**

THE FIVE MOST COMPLEX MARKETS

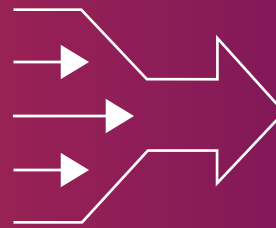
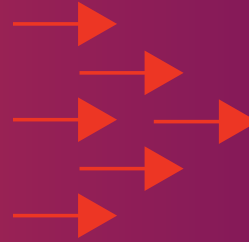
Drivers of complexity for the top five most complex accounting and tax jurisdictions are frequent, and rapidly enforced changes in legislation can often lack clarity and be challenging to understand. Another key driver is having varying tax regimes and multiple layers of tax regulations within a jurisdiction. This is particularly apparent in South America, which houses three of the five most complex accounting and tax environments.

THE FIVE LEAST COMPLEX MARKETS

The least complex jurisdictions for accounting and tax 'partner' with businesses that operate within them, establishing a relationship between companies and tax authorities. For some of the least complex jurisdictions such as Curaçao and the British Virgin Islands, there is very little requirement to pay tax as they operate a 'low tax' or 'tax neutral' economy. Any taxes that do need to be paid in the least complex jurisdictions can usually be submitted through an online portal via user-friendly systems.

TECHNOLOGY AND SIMPLIFICATION

A key strand of complexity for businesses is how they communicate with authorities for activities relating to accounting and taxation. Jurisdictions which are simple to operate in usually utilise technology to make interacting with businesses as easy as possible.



E-filing and e-reporting technology is advancing very quickly, particularly in the area of tax. Live reporting, whereby businesses must provide transaction-by-transaction visibility to national authorities, is being rolled out in many jurisdictions.

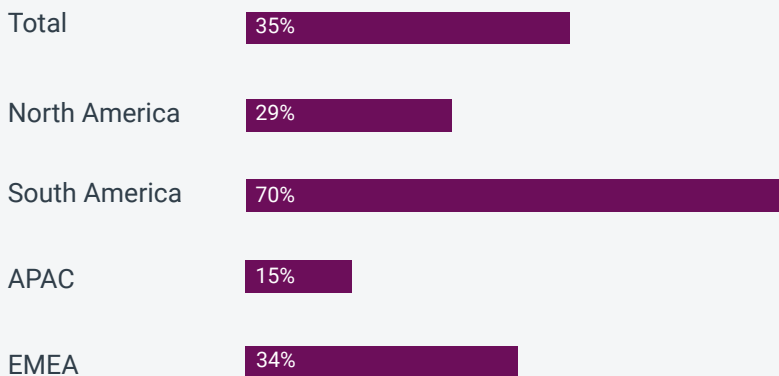
Live reporting removes the 'human' element from the equation, with businesses no longer reliant upon tax inspections. Transactions can instead be compared electronically by the authorities in real time. However, making the transition to live reporting takes time, money and effort by multinational organisations. Preparation often involves the implementation of a global enterprise resource planning (ERP) system, which is then synchronised with national authority electronic portals

The OECD has defined an international standard for the electronic exchange of reliable accounting

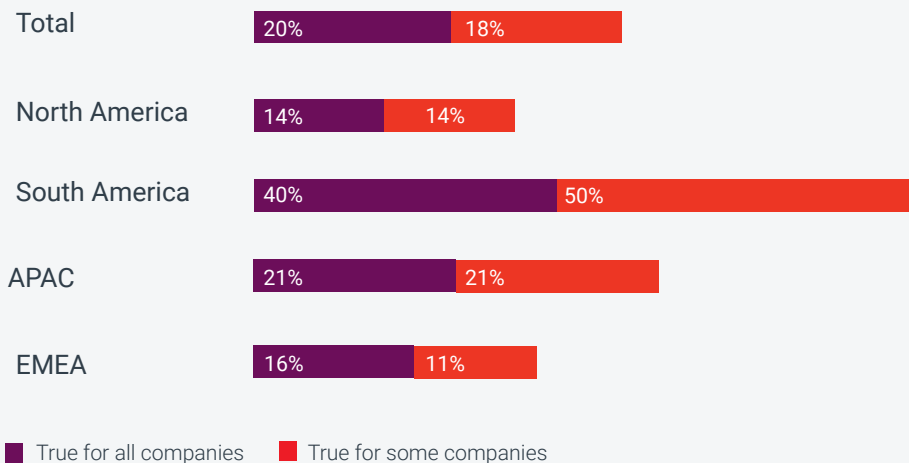
data from organisations to a national tax authority or external auditors. The Standard Audit File for Tax, known as SAF-T, is increasingly being adopted by jurisdictions in Europe, with Portugal first to take it up in 2008. France, Luxembourg, Austria, Poland, Lithuania and Norway all have laws adopting SAF-T. The number of jurisdictions that have adopted SAF-T has remained roughly stable – a third of jurisdictions globally in both 2019 and 2020.

While South America is a notoriously complex and localised region for accounting and tax, jurisdictions here are leading the way in using technology to streamline and simplify processes. This technology includes Brazil's digital bookkeeping ECD and NF-e (*Nota Fiscal electronica*) which enables electronic invoice registrations and accounting e-filings. The same concept exists in Argentina.

% of jurisdictions in which detailed electronic transactional reporting is mandatory



% of jurisdictions where it is compulsory for tax invoices to be issued in an electronic format



At the other end of the spectrum, jurisdictions in APAC lag significantly behind the adoption curve. For example, 70% of jurisdictions in South America mandate electronic transaction reporting, yet this is only the case for two jurisdictions in APAC – India and South Korea.

“India’s GST, introduced in 2017, ushered in an era of transparency and since then it has been possible to trace commercial transactions through the value chain to the final consumption point. New e-invoicing legislation, in effect since 1 October 2020, sees transactions authenticated in real time, eliminating the need for periodic manual uploads and further advancing India along the path of simplification and digitisation.”

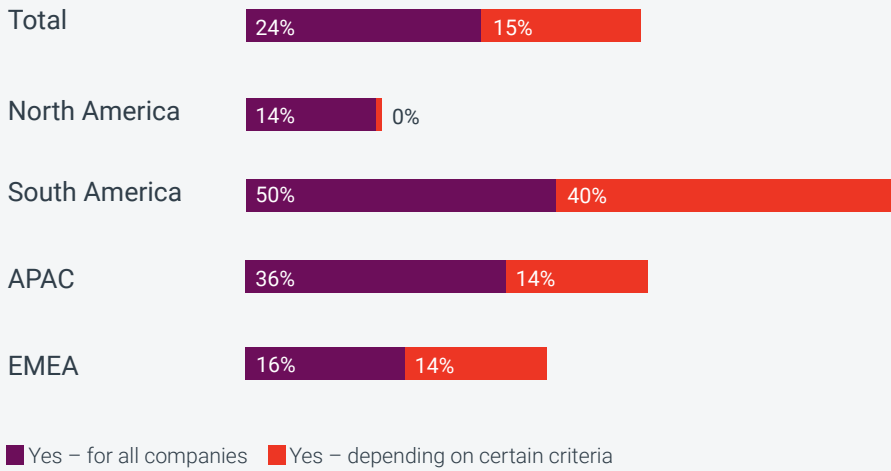
Shagun Kumar, Managing Director South East Asia, TMF Group

This keen adoption of technologies in South America is a conscious effort to simplify processes, in turn making the continent’s business environments more attractive to foreign investment. While moving from pen-and-paper to mandated electronic procedures may lead to a short-term spike in complexity as businesses adapt, it is generally accepted that - when implemented well - technology will bring long term simplicity. Issuing and uploading tax invoices

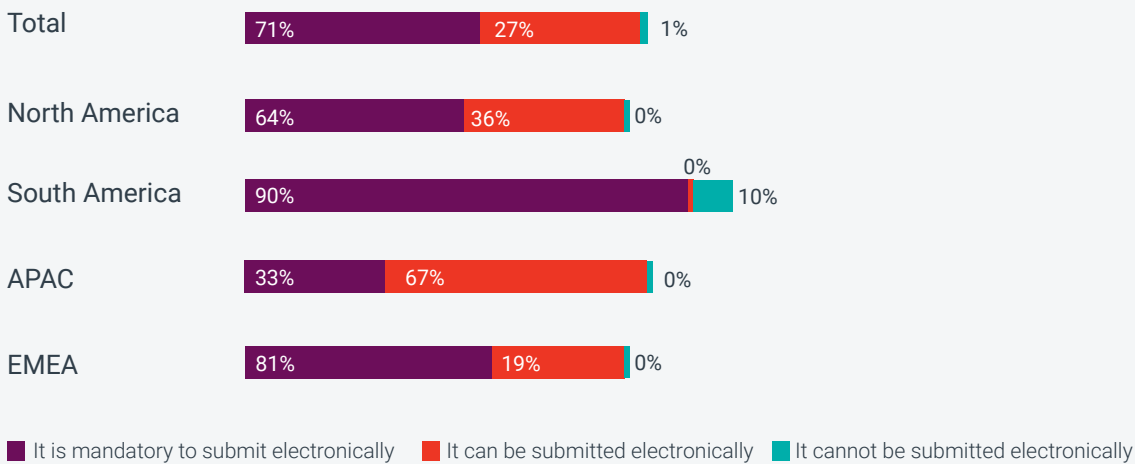
Issuing and uploading tax invoices

South America leads the way in requiring tax invoices to be issued in an electronic format. Looking at the global picture, the proportion of jurisdictions mandating the electronic submission of tax invoices is low – only one in five (20%) require all companies to do this – yet this increases to 40% of jurisdictions in South America.

% of jurisdictions where it is compulsory to upload tax invoices to an authority's system/portal



Electronic submission of VAT



Globally, more than half of jurisdictions do not require tax invoices to be uploaded via a system or portal. Yet the regional picture is varied: it is compulsory for 90% of jurisdictions in South America, only 14% of jurisdictions in North America, 30% of jurisdictions in EMEA, and 50% of jurisdictions in APAC.

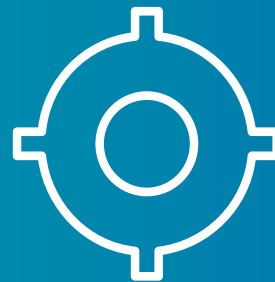
Once again South America is furthest ahead. Looking at VAT, 90% of South American jurisdictions mandate electronic submission compared with only 33% across APAC. Many APAC jurisdictions have the functionality for electronic payments available – however it is not yet mandatory.

Paying taxes

Broadly speaking the most widely levied taxes (especially those enforced at a national government level) are most likely to have payment by electronic means mandated. For example, VAT – a tax required in 92% of jurisdictions globally – must be submitted electronically in 72% of these jurisdictions. On the other hand, less common taxes such as National Insurance contributions (required in only 76% of jurisdictions globally) must be paid electronically by only 61% of jurisdictions levying the tax.

INTERNATIONAL VERSUS LOCAL

Communication and interaction with authorities are not the only factors determining complexity. There are also questions about which legislation and organisations companies must act in accordance with. International bodies can play a big role in determining the accounting and tax policies to which businesses must adhere. The simplest jurisdictions tend to take a more international approach to policy and legislation related to accounting and tax. More complex jurisdictions remain localised, meaning that multinationals looking to set up operations must understand local nuances in accounting practices and tax legislation.



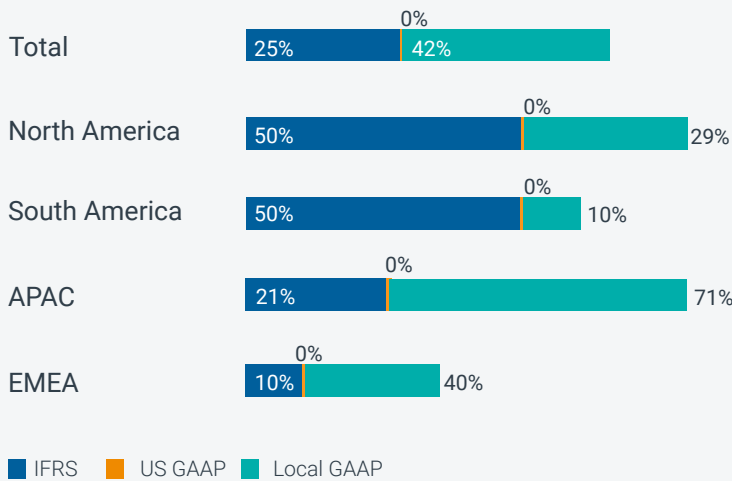
As the economy has become increasingly globalised, capital flows are unconstrained by borders. This raises important questions about how governments generate tax revenues, when what comes under their jurisdiction may not be as clear cut. Legislation has had to adapt accordingly.

An example of this move towards internationalisation is digital service taxes and profit allocation, ensuring that taxes are paid in the country where value is created and preventing companies from moving profits to other jurisdictions. Some OECD initiatives around Base Erosion and Profit Shifting (BEPS) have focused on additional reporting requirements for cross-border transactions. The latest initiative is MDR (Mandatory Disclosure Reporting) which requires advisors and companies to disclose information on cross-border arrangements to

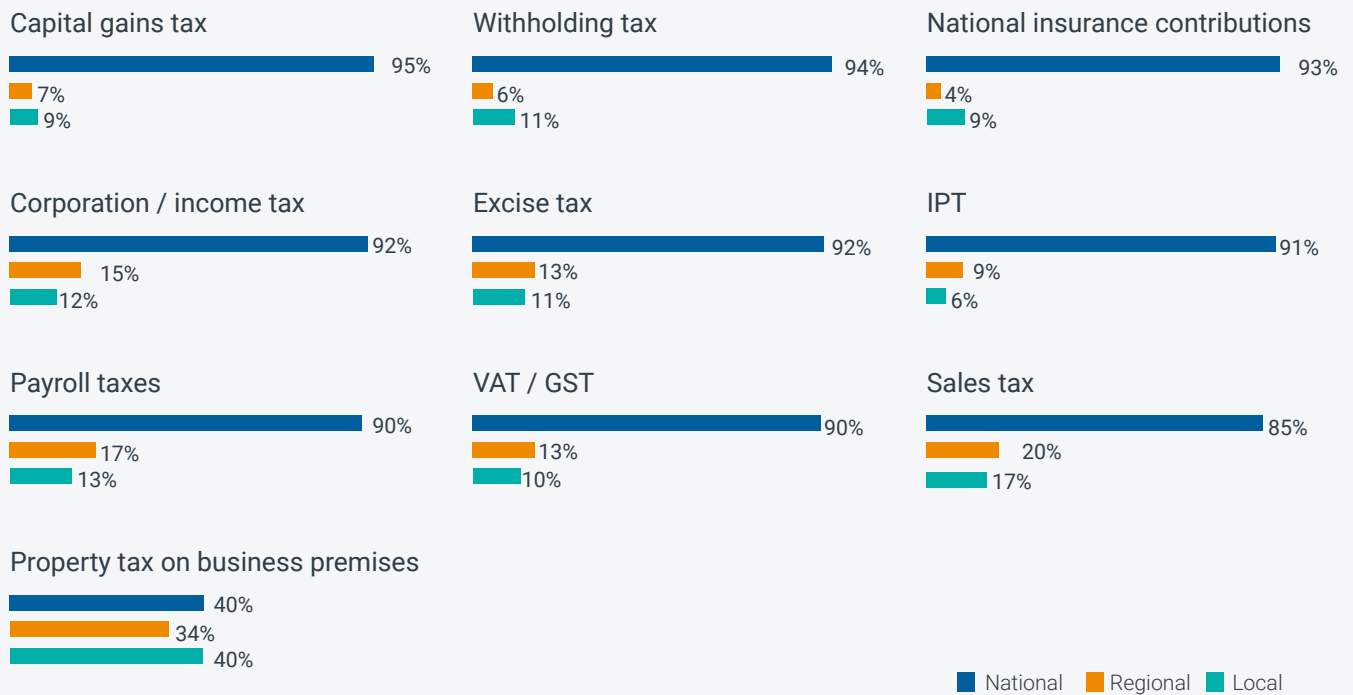
the tax authorities. The ultimate goal is to prevent tax avoidance and to correlate transaction information from various jurisdictions.

On the subject of digital taxes, digital service providers often operate in a jurisdiction without a physical presence, and thereby avoid taxation. Jurisdictions are increasingly looking to develop taxes levied on digital services, with the UK, France, Italy, Austria and Turkey among those having already done so. Due to the cross-border nature of the issue, the OECD has led talks involving more than 100 countries aimed at reaching a multilateral agreement by the end of 2020. However, the COVID-19 pandemic has stalled negotiations, so this issue remains unresolved for the time being.

% of jurisdictions where all companies must abide by certain accounting standards



Level of government responsible for tax collection

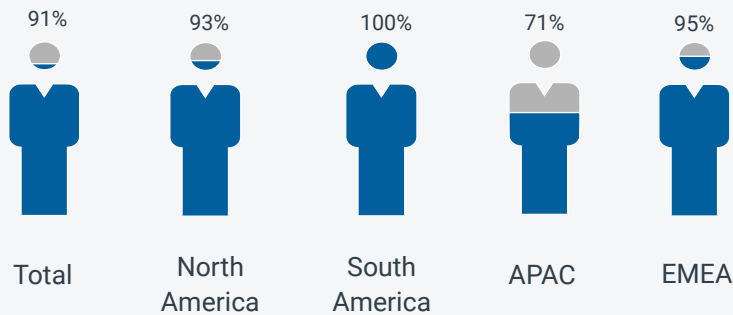


Many jurisdictions are moving towards international accounting standards such as International Financial Reporting Standards (IFRS) and US Generally Accepted Accounting Principles (GAAP). International alignment is stronger in both North and South American jurisdictions, with IFRS being required in 50% of jurisdictions making it the most common accounting practice used. However, APAC and EMEA take a much more localised approach. Across these regions, local GAAP is more common than international standards, required in 71% and 44% of jurisdictions respectively.

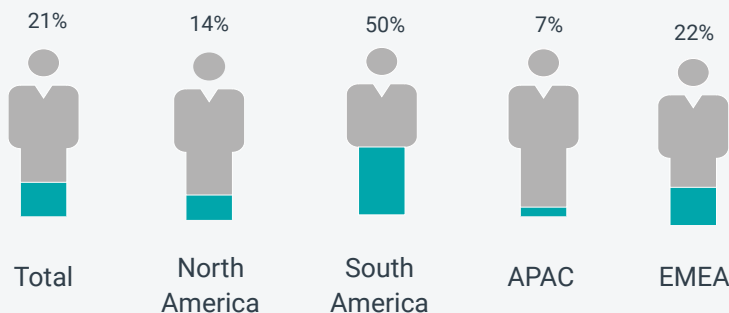
While around a quarter of jurisdictions require IFRS for all companies, a further 60% require the format for some companies.

International standards aim to unify accounting processes and practices, and multinationals benefit from a common experience when operating across markets. Even some of the most complex jurisdictions in the GBCI 2020 ranking adhere to these standards, such as Nicaragua and Ecuador, which rolled out the standard in 2011 and 2012 respectively.

% of jurisdictions where legal representatives are allowed to delegate signatory power (e.g. via POA)



% of jurisdictions where the tax / legal representative of an entity needs to be a local citizen



Most types of taxes are paid at a national level, however, for more than a third of jurisdictions property tax on business premises must be paid at a local (city/town) level. This can be more complex for businesses who must deal with both local and national standards of taxation within the jurisdiction of operation.

South America is the most localised region

Despite the high uptake of international accounting standards in South American jurisdictions, some accounting and tax legislation remains localised. Localised accounting practices are usually related to tax requirements and are driven by the need to observe certain tax regulations. Localised accounting practices are generally more rigid and allow authorities to have better control over how transactions are reported, and better comparability among companies.

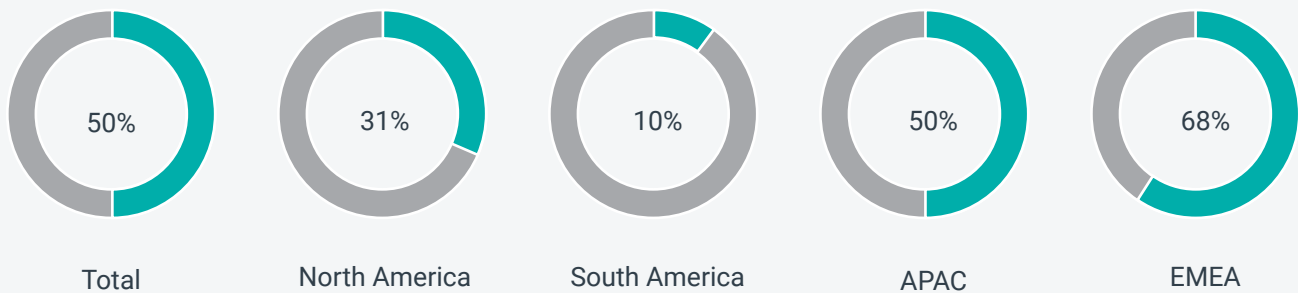
In 91% of jurisdictions globally a legal representative can delegate signatory power, allowing directors of international businesses to fulfil accounting and tax requirements without being physically present in their country of operation. However, this is down from 93% in 2019, suggesting a small global shift away from internationalisation. This drops to only 71% of jurisdictions in APAC, showing a higher demand for individuals representing these companies to be locally resident.

21% of jurisdictions require the tax or legal representative of an entity to be a local citizen. This figure was 33% in 2019, suggesting that globally there has been a shift away from needing locally resident citizens on the ground. In South America, however, this figure rises to 50% of jurisdictions. Applying this rule allows jurisdictions to hold these representatives locally accountable in cases of wrongdoing. This includes jurisdictions such as Ecuador which have historically

% of jurisdictions in which it is compulsory to maintain local accounts in the local language



% of jurisdictions where businesses are allowed to make tax payments from a foreign bank account



faced corruption issues, and where this localisation can help to drive security for the country. This can also demonstrate to foreign businesses incorporating and operating in the jurisdiction that the Ecuadorian authorities are taking steps to minimise the threat of corruption.

Given that 69% of jurisdictions mandate that accounts must be maintained in the jurisdiction's local language, localisation of language is reasonably standard. However, this can cause complexity for foreign businesses who must engage with translators and interpreters to legally maintain their accounting files.

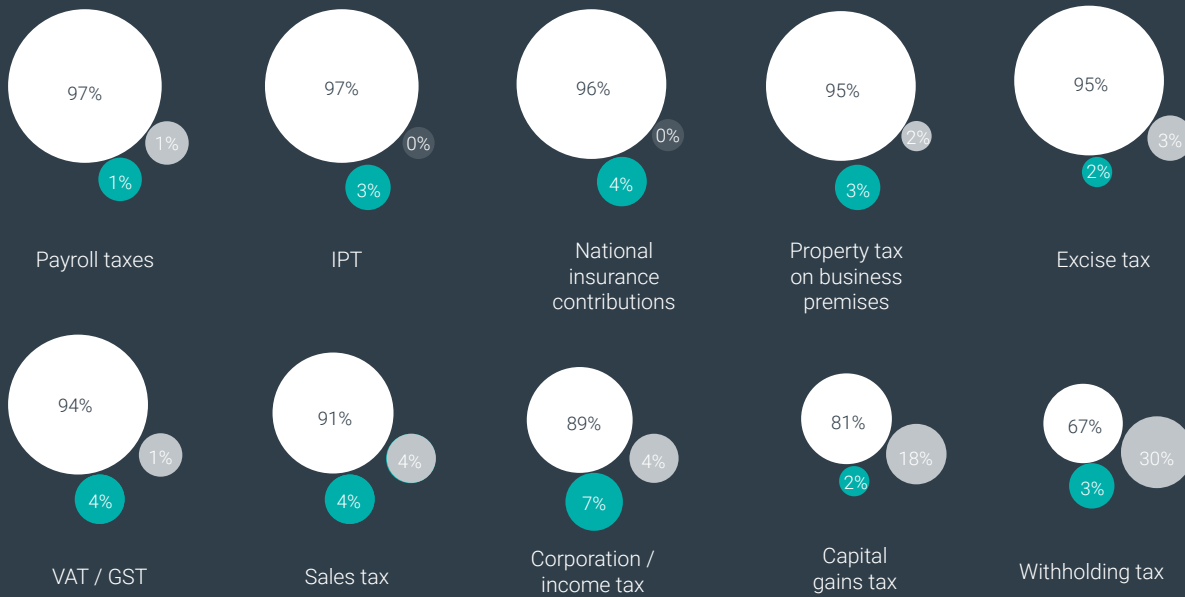
Another barrier often faced by businesses operating internationally is the requirement to make tax payments from a local bank account. Only half (50%) of jurisdictions permit tax payments from a foreign bank account. In 2019, this figure was 52%, suggesting very little change in this area globally. Nonetheless there

are significant regional differences in approach to this: in South America, only 10% of jurisdictions allow tax payment from foreign bank accounts. A local bank account is needed in both Nicaragua and El Salvador, which sit at opposite ends of our GBCI 2020 ranking (7th and 71st respectively). This demonstrates that this localisation is linked to regional practices rather than jurisdictional complexity.

89% of jurisdictions apply standard corporation tax rates to both domestic and foreign companies. 7% require all multinationals to pay a different rate to domestic firms, and 4% go as far as to vary the tax rate based on the company's country of origin. This is particularly prevalent in South America. Both Argentina and Ecuador vary tax rates depending on the multinational's country of origin, reflecting the trend in this region towards localisation. It is not exclusive to that region though and is a policy that is also adopted by Canada.

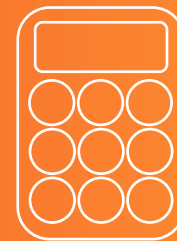
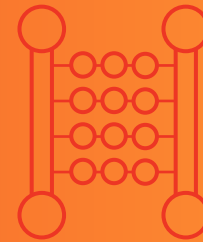
Different tax rates depending on country of origin

- Tax rates are identical for foreign companies and domestic companies
- All multinationals pay a different tax rate to domestic companies
- Multinationals pay a different tax rate depending on their country of origin



TRADITION VERSUS MODERNITY

A modern approach to accounting and tax means authorities are supportive of businesses and step away from more traditional, punitive legislation. The simplest jurisdictions in the GBCI 2020 have all demonstrated an approach of partnership, working alongside rather than in opposition to businesses. Jurisdictions that achieve this are often those which utilise technology and are early adopters of international legislation.



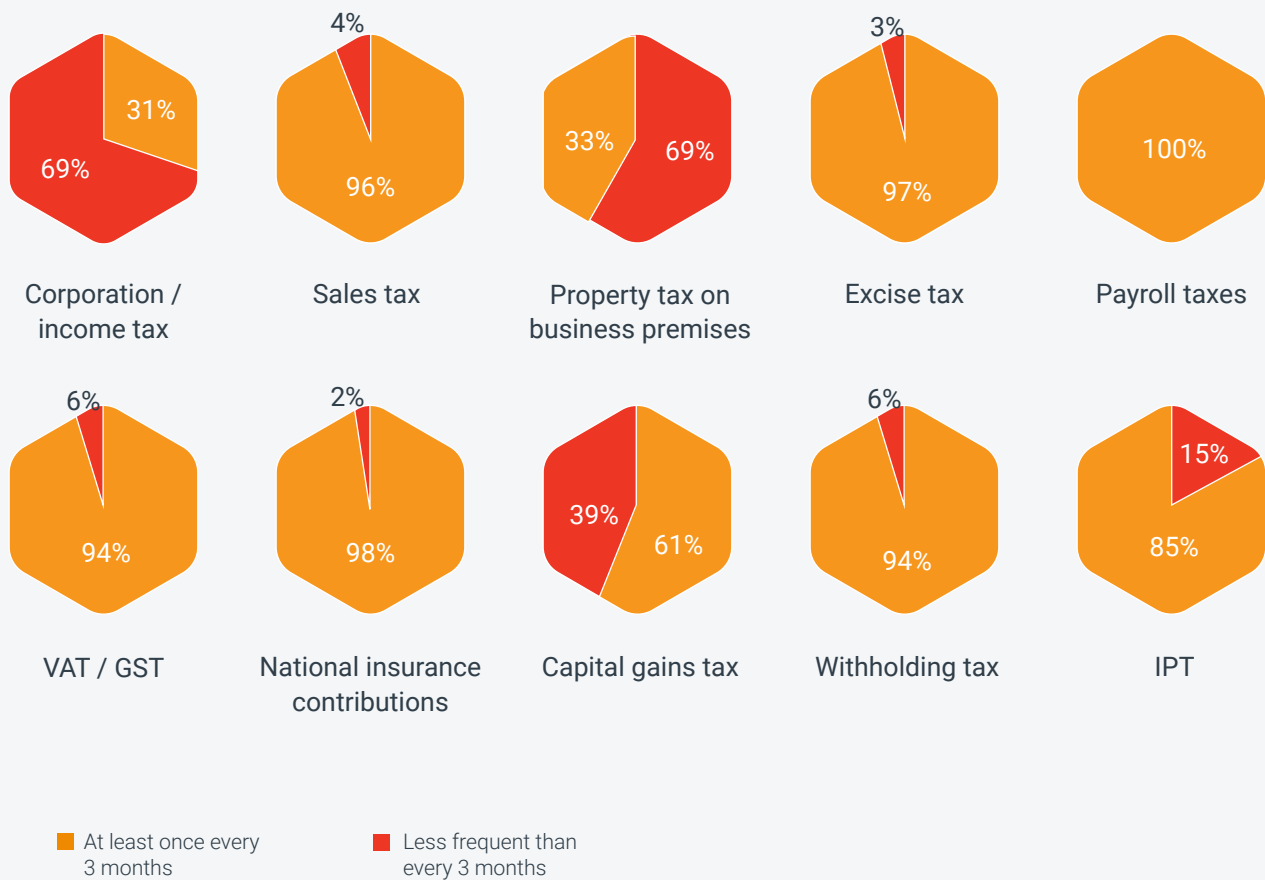
In the simplest jurisdictions, there is a level of trust established between the businesses and tax authorities which allows businesses to operate with certain levels of independence. For example, in the USA and Ireland there is no requirement for companies to be audited - except for in the USA within industries regulated by the SEC (Securities and Exchange Commission). These economies operate more on a 'trust basis', where companies are assumed to be complying without stringent check-ups.

In the USA there are also few tax reporting requirements, and companies are generally allowed to extend deadlines for filing if any significant changes come into force. Some states have more favourable corporate tax regimes in order to attract foreign investment to their state specifically.

“US States like Wyoming and Nevada are rising in popularity due to their lack of state corporate income tax. However, many businesses choose to incorporate in Delaware because of the numerous protections Delaware’s laws and courts offer. Delaware has a strong and well-proven asset protection shield that protect the personal assets of company owners. This shield protects both Delaware corporations and Delaware LLCs. Businesses that are formed in Delaware but don’t conduct business there do not need to pay state corporate income tax (but there is an annual report subject to state fees).”

Amon Kablan, Client Tax Supervisor, TMF USA

Frequency of payment for different types of taxation



Paying taxes

Some tax types such as payroll and national insurance contributions are paid frequently, whilst taxes on property or income are paid less frequently. Only 31% of jurisdictions mandate the payment of corporation/income tax every three months. Most jurisdictions require corporate tax to be paid annually.

In 6% of jurisdictions VAT and GST (Goods and Services Tax) can be paid on a less frequent basis than quarterly. These jurisdictions sit in APAC and EMEA: Japan, New Zealand, Switzerland and the UK.

One of the top 10 least complex jurisdictions in the GBCI 2020, the Cayman Islands, is tax neutral meaning businesses operating there are exempt from income, payroll, capital gains and national insurance taxes. This setup means that the corporate payment responsibilities are minimal. Similarly, in the British Virgin Islands, the only contribution a company must make is the annual renewal of its operating licence.

Filing and auditing

Governments use filing and auditing tools to ensure lawful activity within their jurisdiction. Modern jurisdictions are turning towards 'trust-based' systems whereby submissions are less frequently required and are more malleable. It also results in a more instantaneous system of reporting, making it easier for businesses and authorities to keep on top of tax affairs in real-time. This is facilitated by live tax reporting systems, explored in the technology section above.

In 33% of jurisdictions companies can extend the deadline for tax/statutory filings and in 32% businesses can postpone the start of a tax audit, demonstrating the flexibility of governments who are choosing to work alongside businesses rather than in opposition to them. These figures rise to 50% and 43% respectively in jurisdictions in APAC, showing a clear move towards partnership in the region.

However, although many jurisdictions are moving towards this more relaxed approach of allowing businesses to postpone tax audits, some 27% offer no notice for such audits.

Despite APAC jurisdictions being more flexible in the possibility to extend deadlines for tax/statutory filings, almost a third of jurisdictions in the region

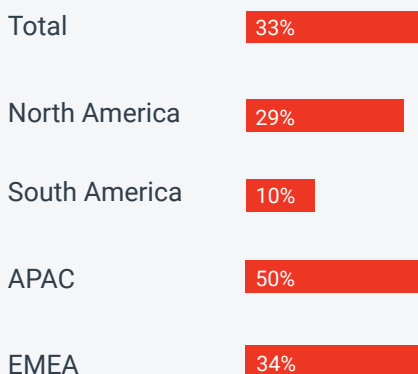
are not legally obliged to provide any notice before requiring companies to participate in an audit process. This rises to 40% in South America where only 10% of jurisdictions give businesses more than a month's notice before conducting a tax audit.

Traditional in-person auditing is a slower process as it requires a company visit, creating time lapse between account closing and review. As we have seen in GBCI 2020, companies are increasingly asked to log accounts on systems which automatically audit. Consequently this 'time lapse' between account closing and review should reduce significantly in a number of jurisdictions. This is already the case in the simplest jurisdictions such as Ireland and the USA. The introduction of new technologies such as blockchain and AI is also likely to speed up processes in this area.

“Some jurisdictions in Asia Pacific don't need to provide any notice of a tax audit, which puts more pressure on companies to ensure data accuracy. However, in most cases we find that businesses are generally forewarned.”

Tracii Soh, Managing Director, TMF Australia and New Zealand

% of jurisdictions where companies are allowed to extend the deadline for tax / statutory filings

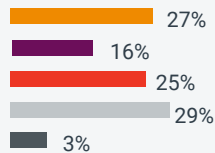


% of jurisdictions where companies are allowed to postpone the start of tax audits

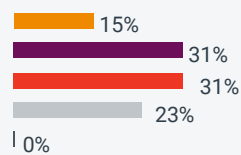


Notice period given by local authorities when conducting a tax audit

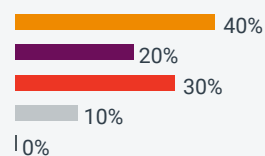
Total



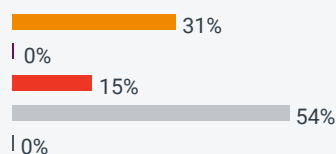
North America



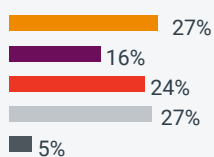
South America



APAC



EMEA



■ No notice period required ■ Up to a week
■ 2-3 weeks ■ 1 month ■ 2-3 months

Guidance and advice

As part of this greater emphasis on a relationship of partnership between businesses and government authorities, certain authorities are increasingly offering guidance on how to abide by local rules and regulations. In an increasingly digitised world, most jurisdictions offer this support online, with only 13% of jurisdictions not offering this service.

Jurisdictions in North America are most likely to offer consultative advice on how to manage an entity, with 50% offering advice. This includes jurisdictions such as the Cayman Islands and Curaçao which are very progressive in their partnership with foreign businesses.

Only three jurisdictions surveyed offer no guidance to businesses: the Czech Republic, Venezuela, and Greece. If a business in Greece needs accounting and tax advice, they must write directly to the Minister of Finance who can take up to six months to respond.

“Income tax calculations and navigating non-tax-deductible expenses are common pain points for entities in Greece. It’s not unusual for businesses to find themselves accidentally non-compliant with local accounting and tax regulations. When it comes to getting swift answers from government departments, working with local experts who have established relationships with the right people is key.”

Yannis Goussiakis, General Manager, TMF Greece

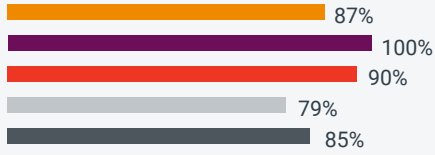
Liability and penalties

Despite the global move towards cooperation and partnership with businesses, penalties are still a key tool used to ensure transparency and compliance.

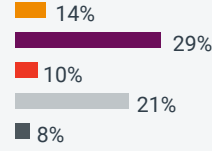
As in 2019, in most jurisdictions directors are personally liable for tax compliance. Jurisdictions where directors are not personally liable include Ireland, Denmark and the USA which all rank in the bottom 10 of the GBCI 2020. These jurisdictions

Types of guidance that can be obtained from local authorities on how to abide by local rules and regulations

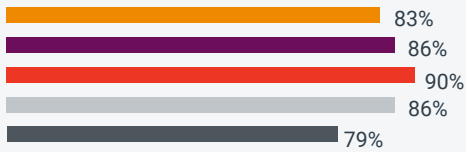
Online guidance



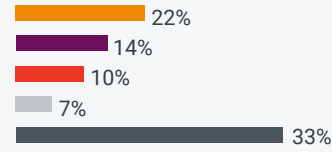
Compliance assurance programmes



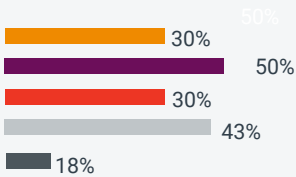
Phone helpline



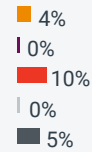
Other



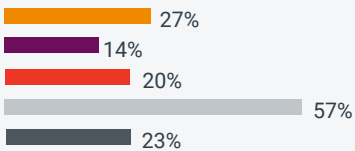
Consultative advice on how to manage an entity



None of these

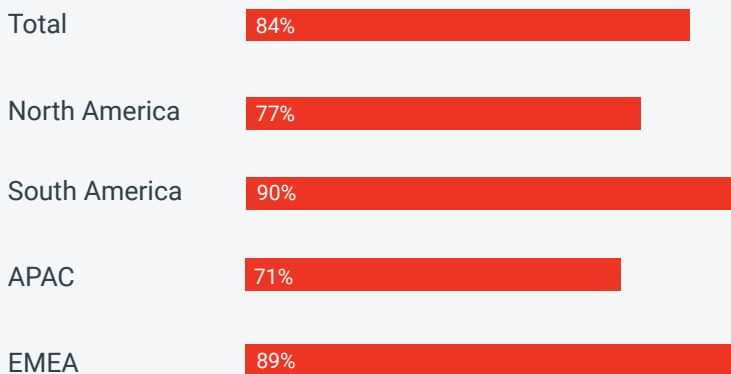


Advance transfer pricing agreement (APA)

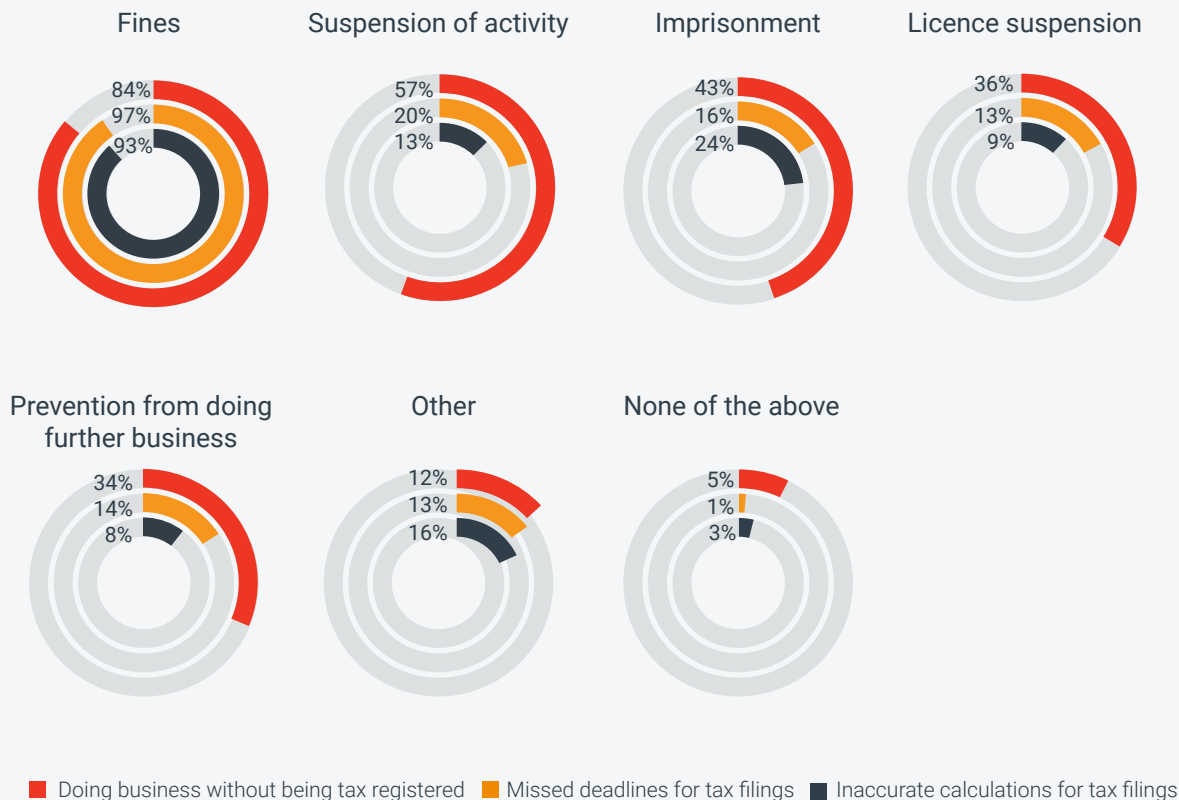


■ Total ■ North America ■ South America ■ APAC ■ EMEA

% of jurisdictions where directors are personally liable for tax compliance



% of jurisdictions where the following penalties are imposed in certain circumstances



also take relaxed approaches to directorship requirements. For example, in Denmark, there is no formal requirement to regularly report who the directors are – only as and when they change. In the case of missed deadlines or inaccurate calculations for tax filings, fines are the most common penalty.

“We’re seeing positive steps and shifts by governments globally to reduce the debt burden, but the penalty for non-compliance for companies remains relatively high. For example, the penalty for not complying with the Imposto Sobre Serviços (‘ISS’ or Tax on Services) in Sao Paulo, Brazil, is 50% of the transaction amount. So it’s essential to keep on top of local deadlines and submission requirements.”

Pavlo Boyko, Global Accounting & Tax Solution Architect,
TMF Group

Doing business without being tax registered is seen as a much more serious offence in most jurisdictions, with suspension of activity and imprisonment considerably more likely.

Interestingly, 5% of jurisdictions allow entities to conduct business before being tax registered. In some cases, this is due to jurisdictions operating with a ‘tax neutral’ setup, such as in the British Virgin Islands and the Cayman Islands, where tax registration is never required. Other jurisdictions, such as Bolivia and the United Arab Emirates, allow companies to begin trading while registering with tax authorities at a later date. So while in almost half of jurisdictions worldwide, directors face prison for operation without tax registration, in others this is perfectly accepted, demonstrating the diversity and complexity of global legislation.

CONCLUSION

Authorities continue to move towards more unified rules and regulations, encouraged by OECD guidelines and the increasingly global economy. To better analyse transactions taking place across the globe, authorities need to have a consistent benchmark, and we see this reflected in the rate of adoption of IFRS. North and South America are particularly aligned with 50% of jurisdictions in these regions complying with international financial reporting standards. Increasing alignment breaks down local borders, making it simpler for businesses to incorporate and operate internationally.

As authorities seek more detailed information and access to transactional data, audits and tax filings lose importance. This is reflected in the evolving relationship between companies and authorities regarding accounting and tax practices and filing requirements.

The focus of many tax authorities has moved from sanctions to more of a 'partnership' with businesses, working with them to correctly apply tax rules and determine the correct tax bases. From a cost perspective, it is cheaper to help taxpayers comply than to check filings and identify errors later. The approach also feeds into the jurisdiction's need to attract international investment by showing themselves to be business-friendly.

The partnership-focused relationship is particularly apparent in North American jurisdictions such as the USA. Other jurisdictions in the region such as the British Virgin Islands and Curaçao take accounting and tax simplicity a step further, by operating as 'low tax' or 'tax neutral' economies. South America lags behind in this respect. In some jurisdictions there is an active lack of support for foreign businesses.

However, South America does lead the charge in the adoption of new technologies to simplify accounting and tax processes. The move towards the electronic filing and submission of tax returns has the potential to significantly streamline and automate data collection, making it easier for businesses to operate across geographies.

When it comes to accounting and tax, there are varying factors that influence both complexity and simplicity, often simultaneously. Jurisdictions in South America can serve as an example for the potential to meet both roadblocks to and facilitators of international business when incorporating and operating in foreign jurisdictions, creating a paradox of both challenge and opportunity.

Perhaps the most pressing of such 'challenge and opportunity' paradoxes facing the global economy in 2020, is the COVID-19 pandemic. As the world has seen, COVID-19 has brought significant tests for individuals, businesses and jurisdictions. However, for many it has also created a wealth of opportunities, and the option to shape outdated customs and ways of working for years to come.

In the short time since the pandemic emerged, we have seen digitisation accelerate and the groundwork laid for the taxation of the digital economy. Digital services tax will soon become the 'norm' rather than the exception as adoption increases.

We will also see a continued increase in transactional reporting over summarised tax filings. While it is unlikely that governments will raise taxes, they will need to raise the rate of voluntary compliance and tax collection. Having access to detailed transactional data is part of the mechanism that could contribute to the improvement of both rates.

COVID-19 will continue to pose great challenges for businesses, but it's also acting as a catalyst for simplification. This could lead to significant changes to the global business landscape as we see jurisdictions take dramatic and unprecedented actions to stimulate their economies.

METHODOLOGY

The Global Business Complexity Index was created by TMF Group, the experts on global and local business complexity, and Savanta, a specialist market research agency. Combining subject-specific knowledge with a solid grounding in data and analysis, the GBCI 2020 is built on robust multi-method research.

The index is generated from an in-depth survey of TMF Group's in-market experts in 77 jurisdictions¹ and the data is also compared to the survey results used in last year's GBCI Report. The survey covers three areas of business operations:

- accounting and tax;
- rules, regulations and penalties;
- HR and payroll.

The data for each jurisdiction were statistically weighted and combined to produce an overall complexity score, as well as a score in each of the three areas.

Visuals are based on survey results across 2019 and 2020. Those who answered 'don't know' in the survey have been excluded from the analysis.

To gain a better appreciation of trends and developments, the initial quantitative fieldwork was supplemented by a qualitative stage after the index was created. This consisted of:

- a survey asking each TMF Group office to respond to trends in complexity within their jurisdiction;
- a series of in-depth interviews with TMF Group specialists from the 10 highest and 10 lowest-ranking jurisdictions.

About Savanta Group

Savanta is a fast-growing data, research, and consultancy firm. We inform and inspire change through cutting-edge data collection and analysis across a wide range of sectors.

¹ A jurisdiction is a specific territory governed by a set of laws. A country can consist of several jurisdictions. Curaçao is part of the Kingdom of the Netherlands but it is a separate jurisdiction from the Netherlands. Businesses have to take account of the fact that nation-states will adhere to supranational and international laws and regulations to varying extents, while continuing to promulgate their own laws and regulations and, in some cases, to delegate or allow sub-jurisdictions in their region and localities to impose their own requirements on businesses, particularly those based overseas.

WE MAKE A COMPLEX WORLD SIMPLE

TMF Group is the leading provider of critical compliance and administrative services, with some 7,800 in-house experts across 120 offices covering 80-plus jurisdictions. Together we deliver a broad portfolio of consistent, integrated but localised services covering the business administrative essentials of accountancy and tax; HR administration, global payroll and employee benefits; and global entity management, corporate secretarial and regulatory compliance.

Rapid response consultancy solutions support cross-border projects large and small, at every stage, across all our disciplines, and in every market.

Specialised teams support fund and capital markets administration and private wealth and family offices. Because we know how to unlock access to some of the world's most attractive markets – no matter how complex – swiftly, safely and efficiently, over 60% of the Fortune Global 500 and FTSE 100, and almost half the top 300 private equity firms, use us.

So, whether you are operating across one border or many, with a handful of staff or several thousand, we have all the flexible, coordinated, business-critical support needed to open up in new markets, build strong businesses and stay nimble, efficient and in good standing everywhere.

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